



**COUNTY OF LOS ANGELES  
DEPARTMENT OF AUDITOR-CONTROLLER**

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WENDY L. WATANABE  
CHIEF DEPUTY

December 28, 2007

TO: Supervisor Yvonne B. Burke, Chair  
Supervisor Gloria Molina  
Supervisor Zev Yaroslavsky  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

FROM: J. Tyler McCauley  
Auditor-Controller

*Wendy Watanabe for*

SUBJECT: **HOUSING AUTHORITY OF THE CITY OF LOS ANGELES CONTRACT  
– A COMMUNITY AND SENIOR SERVICES WORKFORCE  
INVESTMENT ACT PROGRAM PROVIDER**

We have conducted a program, fiscal and administrative contract review of Housing Authority of the City of Los Angeles (Housing Authority or Agency), a Community and Senior Services (CSS) Workforce Investment Act (WIA) program provider.

**Background**

CSS contracts with Housing Authority, a government agency to provide and operate the WIA Adult Special Needs Program. The WIA Adult Special Needs Program is a comprehensive training and employment program limited to low-income adults 18 years or older, who face multiple barriers to employment. These individuals include recovering drug addicts, homeless and offenders. Housing Authority's offices are located in the First and Second Districts.

Housing Authority is compensated on a cost reimbursement basis. Housing Authority's contract was for \$76,338 for Fiscal Year 2006-07.

### **Purpose/Methodology**

The purpose of the review was to determine whether Housing Authority complied with its contract terms and appropriately accounted for and spent WIA funds in providing the services outlined in their County contract. We also evaluated the adequacy of the Agency's accounting records, internal controls and compliance with federal, State and County guidelines. In addition, we interviewed a selected number of the Agency staff and clients.

### **Results of Review**

Overall, Housing Authority maintained sufficient internal controls over its business operations. However, Housing Authority did not always comply with WIA and County contract requirements. For example, Housing Authority did not:

- Report the participants' program activities on the Job Training Automation system for five (50%) of the ten participants sampled.
- Complete the Individual Employment Plan (IEP) for four (40%) of the ten participants sampled. Subsequent to our review, Housing Authority completed the IEPs in accordance with WIA guidelines for the four participants.
- Maintain documentation to support the eligibility for program services for one of the ten program participants sampled. Subsequent to our review, Housing Authority provided additional documentation to support the participant's eligibility.
- Obtain a fire inspection.

In addition, Housing Authority did not complete the annual performance evaluation for one of two employees sampled and did not maintain all the required documents in the two employees' personnel files reviewed as required.

Details of our review along with recommendations for corrective action are attached.

### **Review of Report**

We discussed our report with Housing Authority and CSS on December 4, 2007. In their attached response, Housing Authority concurred with our findings and recommendations.

We thank Housing Authority for their cooperation and assistance during this review. Please call me if you have any questions or your staff may contact Don Chadwick at (626) 293-1102.

JTM:MMO:DC

Attachment

- c: William T Fujioka, Chief Executive Officer  
Cynthia Banks, Director, Department of Community and Senior Services  
Rudolf Montiel, Executive Director, Housing Authority of the City of Los Angeles  
Public Information Office  
Audit Committee

**WORKFORCE INVESTMENT ACT PROGRAM  
HOUSING AUTHORITY OF THE CITY OF LOS ANGELES  
FISCAL YEAR 2006-07**

**ELIGIBILITY**

**Objective**

Determine whether Housing Authority of the City of Los Angeles (Housing Authority or Agency) provided services to individuals that meet the eligibility requirements of the Workforce Investment Act (WIA).

**Verification**

We reviewed the case files for ten (83%) of the twelve participants that received services from July 2006 through March 2007 for documentation to confirm their eligibility for WIA services.

**Results**

Housing Authority did not maintain adequate documentation to support the eligibility for program services for one (10%) of the ten program participants sampled. Specifically, Housing Authority did not obtain adequate documentation to determine whether the participant met the income requirements. This finding was also noted in the prior year's monitoring report.

Subsequent to our review, Housing Authority provided additional documentation to support the participant's eligibility to receive program services.

**Recommendation**

- 1. Housing Authority management ensure that staff obtain the appropriate documentation from the participants to determine the participants' eligibility for program services prior to enrollment.**

**BILLED SERVICES/CLIENT VERIFICATION**

**Objective**

Determine whether Housing Authority provided the services in accordance with the County contract and WIA guidelines. In addition, determine whether the program participants received the billed services.

**Verification**

We reviewed the documentation contained in the case files for ten (83%) participants that received services during July 2006 through March 2007. We also interviewed five participants.

**Results**

The five program participants interviewed stated that the services they received met their expectations. However, Housing Authority did not always comply with WIA guidelines. Specifically, Housing Authority:

- Did not report the participants' program activities for five (50%) of the ten participants sampled on the Job Training Automation (JTA) system. The JTA system is used by the State of California Employment Development Department and the Department of Labor to track WIA participant activities.
- Did not complete the Individual Employment Plans (IEP) for four (40%) of the ten participants sampled. Specifically, the Agency did not complete the Justification for Supportive Services, Employment Plan and Plan Activities sections of the IEP. The IEP is an on-going plan jointly developed by the participant and the case manager that identifies the participants' employment goals, achievement objectives and the services needed to achieve their employment goals.

Subsequent to our review, Housing Authority completed the IEPs in accordance with WIA guidelines for the four participants.

**Recommendations****Housing Authority management:**

2. **Ensure that staff update the Job Training Automation system to reflect the participants' program activities.**
3. **Ensure that staff complete the Individual Employment Plans.**

**CASH/REVENUE****Objective**

Determine whether cash receipts and revenues are properly recorded in the Agency's records and deposited timely in their bank account. In addition, determine whether there are adequate controls over cash, petty cash and other liquid assets.

**Verification**

We interviewed Agency personnel and reviewed financial records. We also reviewed Housing Authority's January 2007 bank reconciliation.

**Results**

Generally, Housing Authority properly recorded and deposited cash receipts and revenues in a timely manner. In addition, Housing Authority completed monthly bank reconciliations. However, Housing Authority's bank reconciliation was not reviewed by management for appropriateness and accuracy as required by the County contract.

**Recommendation**

4. Housing Authority management review and sign bank reconciliations to document their review.

**EXPENDITURES/PROCUREMENT****Objective**

Determine whether program related expenditures are allowable under the County contract, properly documented and accurately billed.

**Verification**

We interviewed Agency personnel, reviewed financial records and reviewed documentation to support all six non-payroll expenditure transactions billed by the Agency from October through December 2006, totaling \$1,081.

**Results**

Generally Housing Authority's expenditures were allowable, properly documented and accurately billed to CSS as required.

**Recommendation**

There are no recommendations for this section.

**INTERNAL CONTROLS/CONTRACT COMPLIANCE****Objective**

Determine whether the contractor maintained sufficient internal controls over its business operations. In addition, determine whether the Agency is in compliance with other program and administrative requirements.

**Verification**

We interviewed Agency personnel, reviewed their policies and procedures manuals, conducted an on-site visit and tested transactions in various non-cash areas such as cash, expenditures, payroll and personnel.

**Results**

Generally, Housing Authority maintained sufficient internal controls over its business operations. However, Housing Authority did not obtain a fire inspection. In addition, Housing Authority's procurement policy required only one price quote for purchases of \$2,500 or less. WIA guidelines require that a minimum of three price quotes be documented for purchases over \$1,000. Similar findings were noted in the prior year's monitoring report.

Subsequent to our review, Housing Authority revised the Agency's procurement policy to comply with WIA guidelines.

**Recommendations****Housing Authority management:**

5. Obtain a fire inspection.
6. Distribute and ensure staff comply with the revised procurement policy.

**FIXED ASSETS AND EQUIPMENT****Objective**

Determine whether the Agency's fixed assets and equipment purchases made with WIA funds are used for the WIA program and are safeguarded.

We did not perform test work in this section as Housing Authority did not use WIA funds to purchase fixed assets or equipment.

**PAYROLL AND PERSONNEL****Objective**

Determine whether payroll is appropriately charged to the WIA program. In addition, determine whether personnel files are maintained as required.

**Verification**

We traced the payroll expenditures invoiced for two employees totaling \$6,952 for December 2006 to the Agency's payroll records and time reports. We also interviewed two employees and reviewed the personnel files for two staff assigned to the WIA program.

**Results**

Housing Authority appropriately charged payroll expenditures to the WIA program. However, Housing Authority did not complete an annual performance evaluation for one of the two employees sampled since September 2005. This finding was also noted in the prior year's monitoring report. In addition, Housing Authority did not maintain proof of employability, copies of the employees' job descriptions, employee acknowledgement and confidentiality agreements, current driver's licenses and proof of automobile insurance for the two employees sampled.

**Recommendations****Housing Authority management:**

7. Complete annual performance evaluations.
8. Maintain required documents in the employees' personnel files including proof of employability, employees' job descriptions, employee acknowledgement and confidentiality agreements, current driver's licenses and proof of automobile insurance.

**COST ALLOCATION PLAN****Objective**

Determine whether the Agency's Cost Allocation Plan was prepared in compliance with the County contract and the Agency used the plan to appropriately allocate shared program expenditures.

**Verification**

We reviewed Housing Authority's Cost Allocation Plan and reviewed a sample of expenditures incurred by the Agency during October through December 2006 to ensure that the expenditures were properly allocated to the Agency's programs.

**Results**

Housing Authority's Cost Allocation Plan was prepared in compliance with the County contract and costs were appropriately allocated.



**Recommendation**

**There are no recommendations for this section.**

**CLOSE-OUT REVIEW**

**Objective**

Determine whether the Agency's Fiscal Year (FY) 2005-06 final close-out invoice reconciles to the Agency's financial accounting records.

**Verification**

We traced Housing Authority's FY 2005-06 general ledger to the Agency's final close-out invoice for FY 2005-06. In addition, we reviewed a sample of expenditures incurred in April, May and June 2006.

**Results**

Housing Authority's FY 2005-06 general ledger reconciled to the Agency's FY 2005-06 final close-out invoice.

**Recommendation**

**There are no recommendations for this section.**

**PRIOR YEAR FOLLOW-UP**

**Objective**

Determine the status of the recommendations reported in the prior monitoring review completed by the Auditor-Controller.

**Verification**

We verified whether the outstanding recommendations from FY 2005-06 monitoring review were implemented. The report was issued on December 20, 2006.

**Results**

The prior year's monitoring report contained thirteen recommendations. Housing Authority implemented nine recommendations. As previously indicated, Recommendations 1, 5, 6 and 7 in this report were also in our prior monitoring review.

**Recommendation**

9. Housing Authority management implement the outstanding recommendations addressed in this report.



**HOUSING AUTHORITY** OF THE CITY OF LOS ANGELES  
AN EQUAL EMPLOYMENT OPPORTUNITY-AFFIRMATIVE ACTION EMPLOYER  
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BOARD OF COMMISSIONERS  
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EXECUTIVE DIRECTOR  
RUDOLF C. MONTIEL

December 17, 2007

Yoon Bae, CPA  
Principal Accountant Auditor  
Department of Auditor-Controller  
Countrywide Contract Monitoring Division  
1000 S. Freemont Avenue, Unit # 51  
Building A-9 East, First Floor  
Alhambra, CA 91803

**Housing Authority the City of Los Angeles Work Source Center  
WIA Contract Number Adult Special Needs (S-070804)**

Dear Ms. Yoon Bae, CPA

The purpose of this letter is to transmit the Corrective Action Plan from the results of our March 13, 2007 on-site monitoring review PY 2006-07, WIA-funded program. This was a compliance review where the county asked HACLA to take corrective action to ensure program compliance.

Please see attached (CAP) Corrective Action Plan, where appropriate changes are being made to correct minor deficiency noted during your site visit.

Thank you for cooperation as well as technical assistance.

Should you have any questions, or if you are in need of additional information please contact Resident Services Manager, Kimberley Stephens-Ivey by telephone at (213) 353-1077 or Eric Johnson Director of Housing Services at (213) 252-1820.

Sincerely,

  
Rudolf C. Montiel  
Executive Director

RM:EJ:KI: td

Housing Authority of the City of Los Angeles Work Source Center WIA Contract (S-070804) Adult Special Needs  
Corrective Action Plan-Program Monitoring 2006-2007, March 13, 2007 Site Review

Review Item	Issue	Action Required	Action to be Taken	Responsible Staff	Completion Date
Reporting client outcomes in the JTA system	HACLA did not report 5 out of the 10 participants sampled	Ensure that staff updates the JTA system to reflect the participants program activities.	HACLA will continue to work with the County of Los Angeles to ensure access to County computer system, also HACLA will invest in software to have program installed on HACLA's computers so staff will not need to travel to County offices for data entry.	WIA Project Director	December 2007
IEP	HACLA did not complete 4 out of the 10 IEP sampled	Ensure that HACLA complete all IEP's	HACLA has since completed all necessary IEP's for all WIA files.	WIA Project Director/Senior Case Manager	Assignment Completed
Bank Reconciliation	HACLA's bank reconciliation was not reviewed by management for appropriateness and accuracy as required by the County contract.	HACLA's management will review and sign bank reconciliations to document their review	HACLA's management will review and sign bank reconciliation to document their review	Finance Manager/Budget Analyst	On-going
Internal Controls	HACLA did not obtain a fire inspection.	Obtain a fire inspection	HACLA will work with County/Los Angeles Fire Department in an effort to obtain current fire inspection documentation.	WIA Project Director	On-going

Internal Controls	HACLA's procurement policy requires only one price quote be obtained for purchases of \$2,500 or less.	Amend the current procurement policy to reflect County WIA policy.	HACLA has included in its policy an amendment requiring that 3 bids be obtained for purchases over \$1,000, as it relates to the County of Los Angeles WIA Programs	General Services Assistant Director/Finance Manager	
Annual Performance Evaluations	HACLA did not complete annual performance evaluations for one of two of the staff interviewed.	Ensure that evaluations are completed at employee's anniversary date.	Employee's Performance Evaluation have been completed.	WI Project Director	On-going
Other Employee documents	HACLA did not keep the following document in employee file: Job Descriptions, Confidentiality Agreements, Current Drivers License, or Proof of Automobile Insurance	Ensure that documentation for employee's are kept on file in the appropriate location	HACLA will continue to maintain appropriate files on all employee's employed by HACLA, they are readily available upon request in our Human Resource Department	HACLA's Human Resources Department	Completed/On-going
Prior Reporting	HACLA did not implement 5 of the 13 recommendations indicated in the previous report	Implement all the required recommendations as set forth in site monitoring and review	HACLA will implement all of the required recommendations deemed feasible necessary to maintain program effectiveness.	HACLA's Management Team	On-going